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C O N F I D E N T I A L MANAMA 001469

SIPDIS

DEPARTMENT FOR EB/CBA DWINSTEAD, EB/TRA/AN LJONES

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SUBJECT: BAHRAIN: AMBASSADOR MEETS WITH TRANSPORTATION
MINISTER, GULF AIR A PRIORITY

Classified By: Ambassador William T. Monroe, Reasons 1.4 (b) and (d)

Bahraini Support for Military Transit Invaluable

1. (SBU) The Ambassador met with Minister of Transportation Sheikh Ali Bin Khalifa Al Khalifa on September 8 to discuss efforts to expand and manage Bahrain,s transportation infrastructure. Al Khalifa,s portfolio also includes civil aviation as well as telecommunications, postal services and public transportation. The Ambassador opened the meeting by thanking the Minister for the support Bahrain provides to transiting U.S. military planes and ships, which the Embassy estimates average 450-600 requests for flights (both transit of airspace and permission to land) and 50 ship passages per month. The Minister replied that military air traffic represented 20 percent of Manama airport,s workload. He added that the relationship works well and that Bahrain sees this as an important part of the good relationship the GOB has enjoyed with the U.S. military for over sixty years.

Upgrading Gulf Air

2. (U) The Minister characterized airport facilities in Manama as first-rate. Bahrain had seen an increase in cargo going though the airport but not by American companies. He specifically raised the limited presence of both Federal Express and UPS in Bahrain and urged the Ambassador to work with American companies to ensure that DHL did not totally corner the market.

3. (C) The Minister reviewed the financial problems faced by Gulf Air last year. At the time, Bahrain had offered to buy out its partners in Oman and the UAE, but in the end all three had injected cash into the company. Acknowledging that Abu Dhabi's vigorous promotion of Etihad Airways added a new complication for Gulf Air, the Minister said that Bahrain had a national interest in shoring up Gulf Air in order to ensure job security for the 3,000 Bahrainis that work for it. He admitted that Bahrain could do a better job of managing the airline on its own, and said Bahrain remains interested in making the airline its national carrier. If it went that way, sorting out regional routes would be a major challenge.

Boeing

4. (SBU) The Ambassador raised Boeing,s interest in helping Gulf Air replace its fleet. The Minister said that he preferred to work with Boeing and pointed out that Manama airport was host to the region,s only Boeing certified mechanics. When replacing the King,s personal aircraft, he decided to purchase a VIP-configured Boeing 737. The Minister said that Boeing should consider investing in a serious presence in Bahrain, including regional offices or the installation of a flight simulator at the Manama Airport. The Ambassador said that Boeing,s regional representative had informed him that he planned to travel to Bahrain in the coming weeks.
MONROE